

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: JUNE 17, 2009

DEPARTMENT: CITY MANAGER

DIRECTOR: ELIZABETH N. FRETWELL

☒ **Consent** ☐ **Discussion**

SUBJECT:

ADMINISTRATIVE:

Approval of a .5% cost of living adjustment (COLA) for eligible executive and appointive employees for the FY 2009/10 (\$161,120 - All Funds)

Fiscal Impact

☐

No Impact

☐

Augmentation Required

☒

Budget Funds Available

Amount: \$161,120

Funding Source: Various Funding Sources

Dept. /Division: All

PURPOSE/BACKGROUND:

By this action, Council is approving a Cost of Living Adjustment (COLA) for executive and appointive employees. The intent of this COLA is to keep the executive and appointive employees whole (no net increase or decrease) after considering their sharing in the 1 percent rate increase for general members of Public Employees Retirement System. This COLA is effective July 27, 2009.

RECOMMENDATION:

The City Manager recommends the approval of the .5% cost of living adjustment (COLA) for eligible executive and appointive employees.

BACKUP DOCUMENTATION:

Submitted after Meeting – PowerPoint Presentation by Staff

Motion made by GARY REESE to Approve

Passed For: 6; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1

LOIS TARKANIAN, STEVE WOLFSON, OSCAR B. GOODMAN, GARY REESE, STEVEN D. ROSS, STAVROS S. ANTHONY; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-RICKI Y. BARLOW)

Minutes:

MAYOR GOODMAN and COUNCILMAN ANTHONY requested that Items 13 and 85 be pulled from the Consent portion of the agenda for discussion.

CITY MANAGER ELIZABETH FRETWELL explained that two different groups of employees would be affected by this 0.5 percent cost-of-living adjustment (COLA). Executive employees

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include managers, directors, the city manager and the deputy city managers. Appointive employees range from administrative secretaries to office administrators. Executive and appointive employees have two separate pay scales and are not represented by any labor organizations.

While the City is in a good position for this fiscal year, its fiscal outlook is bleak for the upcoming years, and a two percent reduction in salaries for all employees would be needed to balance the City's budget. CITY MANAGER FRETWELL noted that the majority of City employees would be receiving a COLA of 2.5 to 3.5 percent effective July 1, 2009. The City will be paying the 0.5 percent increase in the Public Employees Retirement System (PERS) contribution rate for employees represented by the Las Vegas City Employees' Association and the City's other bargaining units.

CITY MANAGER FRETWELL explained the 0.5 percent COLA for executive and appointive employees would prevent a 0.5 percent decrease in their salaries due to the change in the PERS contribution rate. Using a graph displayed on the overhead, she compared the salaries of the City's various employee groups, noting the executive and appointive employees had been essentially flat since 2006. She noted that executive and appointive staff would not be receiving merit increases or bonuses, but would still be receiving performance evaluations this year. She expressed her commitment to examine inequitable salary situations as recommended by the appointive employees. Survey data reflects the majority of executive and appointive employees were willing to work with the City to avoid layoffs.

MAYOR GOODMAN emphasized that this COLA is not a raise and is intended to prevent a salary decrease for executive and appointive employees. He stated that employees who are not represented by a bargaining unit should not be punished and pointed out that the City's actions to reduce costs had helped prevent substantial layoffs. CITY MANAGER FRETWELL pointed out the challenges in balancing the budget within the confines of the City's approved labor contracts and noted the perception of inequality among the employee groups would have to be addressed in the future.

COUNCILWOMAN TARKANIAN suggested that appointive employees be considered separately from executive employees and noted appointive employees have the lowest salaries among the employee groups.

CITY MANAGER FRETWELL informed COUNCILMAN ROSS that the graph's numbers were based on employees' W-2 forms and include pay for overtime.

COUNCILMAN WOLFSON noted that 70 percent of the City's costs are labor and concurred with COUNCILWOMAN TARKANIAN that there should be equity between the employee groups. He expressed his support, noting this approach will allow the City to go to its bargaining units and use the executive and appointive employees as an example of the dedication and sacrifices needed during these tough economic times.

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CITY MANAGER FRETWELL pointed out that the Nevada unemployment rate is currently 11.2 percent and that the City has reduced its staff by almost 10 percent and reduced its budget by 9 percent. She stressed her commitment to keeping the City fiscally strong while providing its citizens with the services they need and trying to preserve jobs.

COUNCILWOMAN TARKANIAN observed that the cost of salaries and benefits needs to be addressed by local governments to avoid the risk of running at a deficit. CITY MANAGER FRETWELL concurred and agreed to provide information summarizing economic activity throughout the country.

COUNCILMAN REESE stated that the City has to do what it takes to keep going through these tough economic times and thanked CITY MANAGER FRETWELL for her report.

